

Research on Fintech Innovation Promoting Economic Development*

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Abstract—The development of fintech has become the trend of the times and China has been in the forefront of the world in this field. In order to develop fintech, it is necessary to enhance the scientific and technological content of supervision, control the spread of financial risks, strengthen the research and development of fintech and better serve the development of real economy.

Keywords—financial technology; real economy; opportunities and challenges

I. INTRODUCTION

Fintech is the combination of scientific and technological innovation and financial market. It is a system composed of financial resource subjects and their behaviors in the financing process of scientific and technological innovation. It is an important part of national and local scientific and technological innovation system and financial system. Fintech is a new tool and method to identify, obtain, evaluate and quantify credit by means of modern science and technology under the background of big data. The development of fintech can comprehensively improve the ability of pricing credit risks, so as to fundamentally change the credit foundation, credit relationship, credit media and credit guarantee methods of the financial market, and thus create new financial formats, new fintech markets and new business models. The emergence of fintech has changed the way of financial transactions rather than the finance itself, let alone the essence of finance.

In March 2016, the financial stability board (FSB), the core institution of global financial governance, issued a special report on fintech for the first time, giving a preliminary definition of fintech. In other words, financial innovation brought by technology has a significant impact on financial market, financial institutions or the way financial services are provided by creating new business models, applications, processes or products. The landmark definition, presented by the financial stability board, an international financial organization, is no longer limited to a technological perspective but focuses more on the financial dimension. The

year 2017 is known as the "first year of fintech" in China and also the year of global fintech outbreak. A new wave of fintech has come, and attention on fintech from all sides has increased accordingly.

II. OPPORTUNITIES BROUGHT BY FINTECH TO ECONOMIC DEVELOPMENT

A. Fintech Changes Traditional Financial Business

In the new era of Internet, traditional financial services are obviously unable to meet the diversified financial needs of users. In this context, emerging technologies such as artificial intelligence, blockchain, cloud computing and big data are accelerating their integration with traditional financial institutions. For Banks, insurance, securities, trust, funds and other traditional financial institutions offers many innovative financial solutions, guide the traditional financial business such as financial mode, process and product change and optimization, improve the quality and depth of traditional financial services, blur the boundary of the traditional industry, reshape traditional financial competition. Fintech participants are becoming more and more diversified. In addition to traditional financial institutions starting to actively transform and setting up many fintech subsidiaries, Internet enterprises are playing a leading role in fintech field, and a large number of traditional financial IT enterprises are seeking for financial licenses.

B. Fintech Has Promoted the Development of Internet Finance

The development of fintech in China is rapid, and it shows obvious characteristics of phasing. Represented by Internet finance, some emerging financial businesses, such as P2P, Internet insurance and Internet financial management, notwithstanding, and those who grow up are superior to those who grow up. There are corresponding fintech-based business innovations in Internet finance business, including innovation in investment and financing based on big data, cloud computing and artificial intelligence technology, such as crowd funding, consumer finance and supply chain finance, and upgrading of payment, credit investigation, risk management and other businesses based on this appeal. Take crowd-funding as an example, the rise of crowd-funding model breaks the traditional financing form and makes it more open. The commercial value of a project is no longer the only criterion for obtaining funds. As long as it is a

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project supported and loved by the masses, the first start-up fund of the project can be obtained through the crowd-funding platform, providing infinite possibilities for more young people and small businesses with ideas and creativity. Crowd funding has three main parts: the initiator of the project, the supporter of the project and the platform for crowd funding. Among them, the initiator of the project is the party in need of funds, the supporter of the project is the party providing funds, and the crowd funding financing platform is the Internet terminal connecting the initiator and supporter, which is a third party. Fintech is the advanced stage of Internet finance. 2016 years later, the Internet's giant competition pattern basically stable, traffic cost, change the traditional service mode in the Internet way and the way of customer acquisition has become a thing of the past, and the Internet continue to strengthen financial regulation, under supervision, cost and technology to promote, the development of the Internet financial into financial technology era, opened a new chapter in China's financial industry development.

C. Fintech Expands the Scope and Depth of Financial Services

Fintech has expanded the scope and depth of financial services and created new opportunities for value discovery. Large and medium-sized Banks and small Banks have different priorities and approaches in developing fintech development. Above all, to medium and small bank, should suit oneself to begin means. Secondly, it is necessary to compound local resources, make scene platform well, combine online and offline, Improve customer experience and enhance customer stickiness. Finally, accelerate the adjustment of the concept, adjust the concept, adjust the way of profit and business model, transform the corporate governance model, and introduce technical personnel. The financial industry belongs to the service industry. Although there are many offline outlets, there is still a certain degree of supply shortage. With the development of Internet technology and the popularity of intelligent terminals, customers' financial consumption behavior and financial application scenarios have undergone profound changes, and the traditional counter service model has been subjected to great impact and test, which has been unable to meet customers' increasingly comprehensive and scene financial needs.

III. CHALLENGES BROUGHT BY FINTECH TO ECONOMIC DEVELOPMENT

A. The Impact of Fintech on the Traditional Financial System

Fintech will make great achievements in inclusive finance in China, thus affecting the business share of traditional financial institutions. Due to the shortcomings of China's traditional financial system, the supply of inclusive finance is insufficient, there are obvious differences between traditional finance and Internet finance in supervision, and the characteristics of Internet finance, such as wide coverage, low cost and easy access, all meet the development needs of

inclusive finance. China's Internet finance has gained good development opportunities and has already surpassed many developed countries. In China, fintech can be understood as a technology-driven Internet finance with technological innovation ability. Therefore, Fintech will gain further development in China through the promotion of inclusive finance.

B. Improving the Regulatory System and Strengthening Risk Control

In 2016-2017, due to the development of the industry itself is not strict norms, the risk has been accumulating. In 2017, P2P risks broke out frequently, forcing regulators to strengthen the management and control of fintech risks. In this context, since 2017, fintech development has entered a stage that pays more attention to regulation and risk control, and fintech regulatory policies were issued in 2017. In financial technology developing rapidly, foreign regulators in many countries and international organizations, introduced policies and measures to promote the development of financial technology, financial technology and gradually formed a few principles of consensus, including science and technology innovation as the drive, on the premise of consumer protection, focusing on the development of pratt & whitney financial risk prevention as the core, based on the standard specification, encourage diversified main body of the benign competition. In 2017, the central bank gradually clarified its attitude towards fintech, highly encouraged its development and attached great importance to risk prevention. From the perspective of high-level positions, Xiaochuan Zhou, governor of the people's bank of China (pbc), indicated during the two sessions in 2017 that the central bank highly encourages fintech and hopes to cooperate with various industries to promote the development of fintech. At the same time, it also points out some non-standard situations in the development process of fintech, which should not only encourage development, but also prevent risks and develop healthily. In terms of institutional setting, the central bank set up a fintech committee in May 2017 to coordinate fintech work. The fintech committee is positioned to strengthen the research, planning and overall coordination of fintech work, led by leaders of Banks in charge of science and technology. Its members include relevant bureaus and bureaus in science and technology, monetary policy, financial market, financial stability, payment and clearing, and credit investigation. It carries four missions: first, fintech research, adhere to the combination of macro and micro, analyze the impact of fintech development from the macro perspective, focus on specific fintech technologies and products from the micro perspective, and explore the impact of new technologies on finance; second, pilot application of fintech should be carried out to verify innovation results and select valuable innovations, so as to help innovation subjects accurately grasp the essence of innovation and fully stimulate innovation vitality. Third, the development of financial science and technology standards, the development of forward-looking, scientific financial science and technology standards, standards to promote development, to ensure safety norms. Fourth, explore the fintech innovation

management mechanism, accelerate the establishment of a management mechanism suitable for China's national conditions, strengthen supervision, and escort the healthy development of fintech. As can be seen from the above two major events, the central bank has very clear thoughts on the management of fintech, emphasizing both encouragement and supervision, and guiding fintech on the right track in an all-round way.

C. Shortage of Fintech Talents

The rapid development of fintech has a great impact on the business field, business model and business philosophy of traditional Banks, and it is urgent to transform and upgrade the financial business model of traditional Banks. However, limited by resources, mechanism, cost and other factors, the bank itself has great limitations in technical innovation thinking, as well as high research and development cost and long development cycle, which pose challenges to traditional financial talents. Fintech talents should have professional knowledge in finance, science and technology, innovation and other fields, so as to be competent for work in an era when the Internet is developed and the value of the financial industry is increasingly reflected. Engaged in the professional environment in the future can effectively use reasonable professional values, ethics and professional knowledge and maintain the attitude of all kinds of professional skills from training financial expertise to financial target transformation of generalists, financial science and technology talent to develop large data collection, management analysis, decision-making and other comprehensive ability, can according to the specific requirements, the effective method and model analysis data, and report form, offer the decision basis for the actual problem.

IV. CONCLUSION

In conclusion, the ability of finance to serve social and economic entities has been enhanced. First, fintech has better strengthened the service capacity of the real economy and provided convenient and quick financing services for smes and the private sector. For example, network lending and big data credit investigation should be carried out to dig good projects and enterprises with broader and deeper means, understand their capital needs, do a good job in intelligent risk control, and provide multi-channel financing services for more small and medium-sized enterprises by means of information technology such as supply chain finance. Second, fintech provides convenient financial service channels and can help some special groups, including agriculture, rural areas, and farmers' groups of agriculture, rural areas and farmers, as well as the poor population. It not only helps solve the financing problems of agriculture, rural areas and farmers and promotes the rural economic development, but also realizes targeted poverty alleviation and reduces the gap between the rich and the poor. These are some typical application benefit analysis of fintech for real economy, agriculture, rural areas and poverty alleviation. It should be pointed out that the application of regulatory technology in the field of risk prevention and control needs to strengthen

regulation and the application of fintech, which is directly reflected in the application of regulatory technology. Fintech should not only focus on development, but also be applied to the level of regulation, so as to better promote the construction of a series of regulatory capacity and lay a more healthy and orderly environment for the development of fintech as a whole.

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